

## ***Soviet Study Urges Relaxing of Controls To Revive Economy***

By JOHN F. BURNS

Special to The New York Times

MOSCOW, Aug. 4 — A confidential memorandum circulating among Soviet officials argues that economic performance will improve only with an overhaul of the economic system that would reduce the powers of the bureaucracy and increase the scope for initiative at the plant level.

The text says the centralized controls over the economy have been the principal "brake" on production, surpassing such factors as bad weather, worsening mining conditions, inadequate investment, a poor transport network and a lack of work discipline.

In fact, the document says, the bureaucracy, by clinging to a system devised half a century ago by Stalin that treated workers as "cogs in the economic mechanism" instead of giving scope to their creative abilities, is responsible for the slack attitude of workers and for the slowdown in growth.

The 30-page memorandum was prepared by a group of economists associated with the Siberian Division of the Academy of Sciences in Novosibirsk. It was among papers presented at an unannounced economic conference in April and became available to Western reporters this week.

A photocopy of the memorandum ob-

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# Soviet Study Urges Eased Controls to Revive Economy

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tained from Soviet sources indicates that it was originally circulated in 70 numbered copies, marked "for official use." Its disclosure came a week after the Kremlin had announced a package of experimental measures aimed at giving the closely controlled factory managers greater scope for initiative.

The measures, the first major economic innovation since Yuri V. Andropov came to power last year, are intended to free managers from constraints imposed by central planners covering such matters as investment, technological innovation, and wage and bonus payments. The thinking behind the measures appeared to parallel that in the memorandum.

Efforts to revitalize the Government economy by more decentralized management and greater scope for initiative at the plant level go back to Nikita S. Khrushchev in the early 1960's, but have repeatedly become stalled amid bureaucratic resistance.

The Soviet sources who made the Novosibirsk document available said that it had attracted interest among officials at the conference, including economic planners and representatives of the economic departments of the Communist Party's Central Committee.

The document indicated that economic debate was once again centered on the powers of the bureaucracy, the structure that includes the State Planning Committee, and the industrial ministries and agencies that run the economy.

A typical plant manager may have to answer to dozens of such bodies, leaving what the memorandum described as "zero" scope for innovation.

It analyzed the bureaucracy's role in a blunt manner reminiscent of Mr. Khrushchev, whose downfall in 1964 was hastened by his espousal of a program of economic reorganization deemed threatening by the bureaucracy.

Among other things, the Novosibirsk memorandum accused the bureaucrats of "tenaciously clinging" to the existing system, either because changes would require a higher level of competence than they possessed or because they stood to lose their comfortable jobs and privileges.

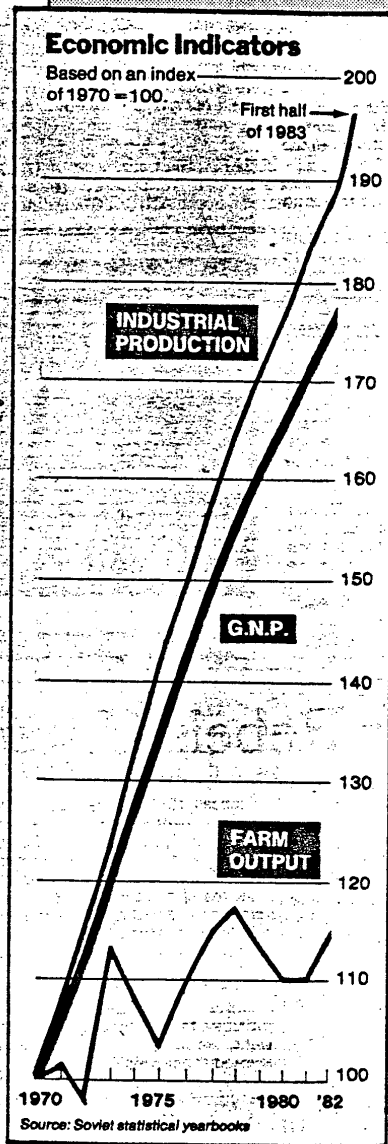
The memorandum challenged the official tenet that changes in the economic system under Communism could be accomplished without social conflict. It said unspecified studies over the last decade had shown that one major obstacle to change was that "the existing system has to be changed by groups that occupy rather high positions in this system and consequently have vested interests."

To succeed in taking authority away from administrators and giving it to the managers, workers and engineers at the plant level, the document said, the Kremlin would have to adopt "a well-thought-out strategy aimed at galvanizing those groups that are interested in the change and immobilizing groups that might hamper it."

It said that the main task in reviving the economy lay in reducing the array of intermediate-level bodies, from central ministries to regional administrations, that were said to have mushroomed in the last decade.

In some of its most cutting language,

## The Soviet Economy: How It Is Managed



### Politburo

Central decision-making body. Every major economic policy is made by its 11 members, who meet once a week. Each member has a high-ranking, fulltime position in either the party or the Government.

### Central Committee Secretariat

The Politburo passes its economic policies along to the secretariat, its executive arm, which supervises the operation of the economy. This agency and the Politburo are the highest echelons of the party hierarchy.

### Council of Ministers

The top government body, much like the Cabinet in the U.S., which runs the economy in coordination with the decisions of the party hierarchy. The separate ministries and the state committees are subordinate to it.

### State Planning Committee

Drafts the economic plans that carry out the overall policies handed down by the Politburo.

### Government Economic Ministries

Separate ministries run each sector of the economy such as agriculture, coal, fisheries, etc. The plan, handed down by the planning committee, must be fulfilled by each ministry through the industrial corporations, plants and factories under its jurisdiction.

### State Committee for Materials and Technical Supplies

Centrally allocates materials and supplies to each sector of the economy once the plan is drawn up by the planning committee.

### Government corporations, factories and plants

the memorandum examined the attitudes of bureaucrats opposed to change. It said some who were apprehensive because their new duties would require higher qualifications tended to retreat behind "spurious assertions" that such a transition is likely to weaken centralized principles, while others occupying "numerous warm places" with generous salaries were simply afraid of losing their jobs.

The document said that, while life had radically improved since Stalin's day, the economic system had failed to adjust to "the core of highly skilled workers" in modern industry who were better educated, capable of "critically assessing the activities of political and economic leaders" and of "standing up for themselves, if need be."

What such people needed, the memorandum said, is a release from the sti-

fling routines decreed by bureaucrats, and the opportunity to exercise their "creative impulses" at work. Instead, the document said, workers find their lives bound by administrative restrictions on everything from the size of private garden plots to fishing rights, as well as by decrees that eliminated initiative in the workplace.

The memorandum held bureaucrats who created this environment responsible for the character of the average Soviet workman.

Using terms far removed from the glossy portrait offered in official publications, it said that "the common qualities of the worker whose personality was shaped under the recent five-year plans are a low labor and production discipline, an indifferent attitude to work, a well-pronounced consumer

mentality and a low code of ethics.

It added: "Also worthy of mention are such widespread activities as loitering, all sorts of shady dealings, state expense, the proliferation of business and a taste for remuneration regardless of the results of work."

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